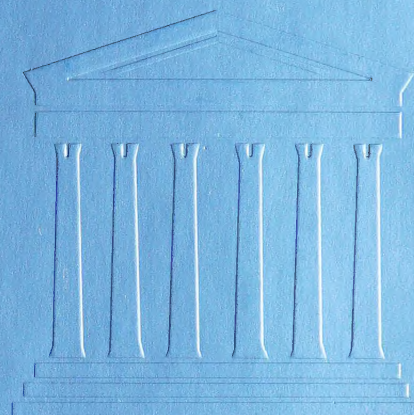


THE FIDELITY TRUST COMPANY



SINCE 1909

ANNUAL REPORT 1972

THE FIDELITY TRUST COMPANY

To the Shareholders:

The following is a brief unaudited report on the results for the six months ending June 30, 1972 with 1971 figures (re-stated) for comparison:

	6 months	
	1972	1971
Total Assets Under Administration	\$36,700,375	\$21,820,522
Total Assets	25,469,869	19,466,854
Gross Income	1,425,864	1,105,011
Net Income Prior to Tax	355,196	182,116
Estimated Income Tax Payable	171,000	70,000
Net Income for Period	184,196	112,116
Earnings per Share	15¢	9¢
Shareholders Equity	1,769,341	1,480,500

WINNIPEG, July 1972

N.C.W. WOOD - President



The Fidelity Trust Company

corp report

TO THE SHAREHOLDERS:

QUARTERLY REPORT

The following is a brief unaudited report on the results for the nine months ending September 30, 1972 with 1971 figures (restated) for comparison.

	9 months	
	1972	1971
Total Assets Under Administration.....	40,592,619	23,852,500
Total Assets.....	25,420,758	21,110,405
Gross Income.....	2,175,362	1,673,088
Net Income Prior to Tax.....	517,210	267,792
Estimated Income Tax Payable.....	251,300	109,000
Net Income for Period.....	265,910	158,792
Earnings per Share.....	21½¢	13¢
Shareholders Equity.....	1,856,080	1,486,212

Winnipeg, October 1972

N.C.W. Wood, President

Financial Highlights

	1972	1971	1970	1969	1968
Total Assets under Administration.....	50,095,400	26,569,403	19,388,023	14,159,105	10,076,410
Total Company & Guaranteed Account.	27,915,376	22,857,801	17,707,980	13,530,109	9,712,772
Gross Income.....	3,112,603	2,309,776	1,808,065	1,128,471	800,132
Interest Paid to Depositors.....	1,506,815	1,302,495	1,107,561	700,097	469,998
Net Income Prior to Tax.....	836,000	427,175	165,183	100,706	59,664
Income Tax.....	400,500	209,427	80,384	37,283	—
Net Income for Year.....	435,500	217,748	84,799	63,423	59,664
Capital and Reserves.....	1,860,853	1,543,890	1,361,961	1,119,201	696,736
Earnings per share.....	+35c	+18c	+ 8c	+ 6½c	+ 8½c
Dividends Paid.....	6c	5c	4c	—	—
Average Number of Employees.....	50	38	34	33	32
Number of Shareholders at Year End..	323	263	264	265	240



Directors and Officers

CHAIRMAN — John Stuart McMahon was for many years President of W. G. McMahon Limited, a large wholesale building materials company. He retired from this field and disposed of the interest in 1960. He formed McMahon Investments Limited and McMahon & Stephens Company.

Mr. McMahon commanded the Manitoba Dragoon Armoured Car Regiment overseas in World War II.

He is Past President of The Winnipeg Chamber of Commerce, The Manitoba Travel & Convention Association; he is a Member of the Committee on Manitoba's Economic Future. He is presently District Governor of the Rotary International District Number 555. In addition to being Chairman of the Board, he is Chairman of the Executive Committee.

PRESIDENT AND GENERAL MANAGER — Neil Cameron Walker Wood was born in Yorkshire, England. Mr. Wood came to Canada in 1952. In 1956 he formed a mortgage brokerage firm in Winnipeg and became involved in the general financial field. In 1961 he became President and General Manager of Camwood Securities Corporation Ltd. and was responsible for this firm's participation in The Fidelity Trust Company. He became President and General Manager of The Fidelity Trust Company in 1963.

VICE-PRESIDENT — Richard Wilson Smith is Vice-President of Smith Agencies Limited. Mr. Smith is a Director of the Winnipeg Cold Storage Limited which now includes Manitoba Cold Storage. He is Vice-President of the Canadian National Institute for the Blind and Treasurer of the Alcoholic and Drug Education Services.

VICE-PRESIDENT — Andrew Kingsmill Stephens was formerly President and General Manager of Stephens Paint Company Limited. He is a Past President of the Canadian Paint, Varnish & Lacquer Association Inc. and is a Governor of the Canadian Corps of Commissionaires. Mr. Stephens is an Executive Director of Junior Achievement of Winnipeg and has recently been appointed to the Board of Directors and Co-ordinator of Counselling Assistance to Small Enterprises (CASE), Winnipeg Region. He is a member of the Executive Committee of the Company.

SECRETARY-TREASURER — James Edward Perkins, LL.B., is a lawyer by profession. Mr. Perkins was for many years Treasurer of the Monarch Lumber Company Limited. He joined Fidelity in 1963 and is chief Trust Officer in the Company as well as a member of the Executive Committee. Mr. Perkins is a Past President of the Western Retail Lumbermen's Association. He is a former Director of the Childrens' Aid Society and The John Howard & Elizabeth Fry Society of Manitoba.

ASSISTANT TREASURER AND COMPTROLLER — Robert H. Lindsay. Mr. Lindsay started with the Company in 1964 having had extensive experience in the banking field. In addition to his corporate duties, he is a Director of Nanton Building (1965) Limited.

DIRECTOR — Edmund Boyd Osler is the Past Member of Parliament for Winnipeg South Centre. He is a member of the Executive Committee of the Company. He is the former Vice-President of Reed Shaw Osler Limited and a former Director of Osler, Hammond & Nanton Insurance Limited. Mr. Osler is Past Chairman, Program Committee, Board of Directors of the Canadian Broadcasting Corporation. During the 28th Parliament of Canada he served on the Special Joint Committee of the Senate and the House of Commons on the Constitution of Canada. He is Vice-Chairman of the Government's prairie caucus.

DIRECTOR — James S. McGoey, B.A. (Sask.), M.D. (Tor), FRCS (C) FACS, is a leading consultant surgeon in Winnipeg and is an Assistant Professor of Surgery at the University of Manitoba Medical College. Dr. McGoey is a Trustee of the Canadian Medical Association Retirement Savings Plan; and a member of the Executive Committee of M.D. Management Ltd., Ottawa; Director of Lancet Performance Fund; Director of Alta-Vista Mutual Fund. He is

Chairman of the Insurance Committee of the Manitoba Medical Association and on the Board of Governors of St. John's-Ravenscourt School, Fort Garry, Winnipeg.

DIRECTOR — Harvey Allan McDiarmid. Mr. McDiarmid has been active in the lumber and mining industry in British Columbia for many years. He is a Director of Giant Mascot Mines Ltd.; President of Colonial Gas and Oil Limited, Highland Lodge Limited, as well as being a Director of a number of other Canadian Corporations.

DIRECTOR — Donald Savigny Paterson is the Vice-President and General Manager of N.M. Paterson & Sons Limited, grain merchants. He is President of Northwest Design & Fabrication Limited, Director of Traders Building Association Limited, Kenting Aviation Limited, Stall Lake Mines, as well as several insurance and elevator Companies.

DIRECTOR — F. L. Ernst. Mr. Ernst is a graduate of the University of Dalhousie. He is President of Ernst, Liddle & Wolfe Limited; President of Administration Acceptance Corporation, Northwestern Construction Company Limited, Niakawa Investments Limited and Chairman of Martel-Stewart (1970) Limited. Mr. Ernst is a Director of Erlow Holdings Limited and Pandora Parking Limited.

DIRECTOR — John Klassen. Mr. Klassen is Vice-President and Director of Monarch Machinery Limited and Monarch Industries Incorporated of Minneapolis. He is President and Director of Structural Glass Limited. Mr. Klassen is a member of the Board of Manitoba Heart Foundation and St. Johns Ravenscourt School.

DIRECTOR — Archibald Stewart Dewar, Q.C. Mr. Dewar is associated in the practice of law with the firm of Thompson Dewar Sweatman & Company. He is a Bencher of the Law Society of Manitoba and was Crown Attorney in Winnipeg for 7 years. He was appointed Queen's Counsel in 1962.

DIRECTOR — Joseph C. Stangl K.S.G. Mr. Stangl was Western Manager of Anthes Imperial Limited before his retirement. He is a Director of the Canadian School Trustees Association, President of the Canadian Catholic School Trustees Association and a Member of the Advisory Board of the Department of Youth & Education. He is presently Secretary-Treasurer of St. Paul's High School.

DIRECTOR — Esther M. Genser is President, CJOB Shut-Ins Fund; Vice-President and Director, Western Salvage Ltd.; President, Daroca Investments Ltd. Mrs. Genser is Secretary and

Director of Young Investments Ltd., Superior Investments Ltd., Cosmopolitan Investments Ltd. and Resneg Investments Ltd. She is active in numerous women's organizations across Canada and devotes a great deal of time to community work.

DIRECTOR — Bruce H. Codville is President of Codville Distributors Limited and the Codville Company Limited. He is President of Tirasel Limited.

DIRECTOR — Gordon B. Wiswell, M.B.A., P. Eng., is the former manager of Winnipeg Supply & Fuel Company Limited and is currently President of River West Lands Limited. Mr. Wiswell is President of the Urban Development Institute of Manitoba and a member of the Executive Committee of the Winnipeg Chamber of Commerce.

DIRECTOR — James Malcolm Billingsley is a Director and former President of Pacific Truck & Trailer Limited. He is a member of the Advisory Council to the Ministry of Industry & Commerce of Canada. He is a Director of Vancouver Equipment Limited. He is Past President of the Terminal City Club and a Vice-President of the Canadian Forest Association of British Columbia. He is the Past National Chairman of the Junior Forest Wardens of Canada.



Directors' Report

TO THE SHAREHOLDERS

Your Directors are pleased to present the Annual Report of your Company for the year ending December 31, 1972.

The year 1972 marked a dramatic turning point in the development of your Company. Application was approved for transjurisdictional incorporation and on October 16, 1972, The Fidelity Trust Company became a Federal Corporation. The advantages in this regard are many of course, but primarily it brings your Company under the direct authority of one Government as opposed to many in the Provincial sense, and greatly enhances the opportunity for a national development program.

The first phase in this regard is now well under way, and your Company is fully registered in all the Western Provinces, where strong emphasis will be placed on expansion of services.

A new regional office has been opened in Vancouver covering British Columbia. This office situated at the busy intersection of Georgia and Thurlow replaces the small office opened last year which we had outgrown. In December an office was opened in Calgary, to

establish a foothold in the Province of Alberta. This office will be patterned along the lines of the former Vancouver office and will concentrate on mortgage lending within the Province. A full service branch will be opened when the profits warrant such a move. To complete the Western Provincial representation, your Company has opened an agency office in Regina to transact the business of the Company within the Province of Saskatchewan. It is anticipated that here again, as profits permit, a greater degree of services will be offered.

It is expected that the policy of paying a dividend will be continued whenever prudent, and in addition a substantial transfer to general reserves has been authorized, bringing the total general reserve to \$400,000.00.

The year 1973 will see for the first time the full impact of your Company's broader operating base throughout Western Canada. A continued heavy demand for the Company's services is expected, and your Directors look forward to another major year of growth.

The borrowing limits of the Company are approaching the maximum permitted under the Act. However, the anticipated growth in

earnings coupled with the extra capital to be derived prior to March, 1974, from the exercising of the warrants outstanding, should be adequate and thus avoid the necessity of having to further increase the capital of the Company.

Your Company was reassessed by the Tax Department for the years 1970 and 1971 in the sum of \$92,000.00. This results primarily from gains recorded in the bond market during that period, which were thought to have been capital gains. This reassessment was unfortunate; however, it establishes a more accurate basis for the calculation of the Company's income tax in future years.

We welcome three new faces to the Board of Directors this year. Mr. Archibald Dewar, Q.C. of Winnipeg, Mr. J. M. Billingsley of Vancouver and Mr. R. H. Lindsay, the Company's Comptroller. Your Board plays a most important part in the growth and progress of your Company, and we have devoted some space in this report to outline their respective backgrounds and qualifications.

On behalf of the Directors we again thank the members of the staff of the Company for the great contribution in time and effort that goes into the making of such a year.

J. S. McMAHON
Chairman of the Board

N. C. W. WOOD
President & General Manager

GLENDINNING, JARRETT, GOULD & CO.

CHARTERED ACCOUNTANTS

**THE
FIDELITY
TRUST
COMPANY**

AUDITORS' REPORT

To the Shareholders,
The Fidelity Trust Company,
291 Garry Street,
Winnipeg, Manitoba.

We have examined the balance sheet of The Fidelity Trust Company as at December 31, 1972 and the statements of income, contributed surplus, general reserve and retained earnings for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements present fairly the financial position of the company as at December 31, 1972 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Glendinning, Jarrett, Gould & Co

Chartered Accountants

Winnipeg, Manitoba,
January 23, 1973.



Statement of Income

FOR THE YEAR ENDED DECEMBER 31, 1972

(with comparative figures at December 31, 1971 as restated — note 8)

Revenue	1972	1971
Interest from loans and advances	\$1,979,818	\$1,529,008
Interest and dividends from investment securities.....	324,025	258,944
Fees and commissions.....	345,645	213,436
Other operating income.....	434,352	191,194
Gain on sale of investment securities	28,763	117,194
	<u>3,112,603</u>	<u>2,309,776</u>
 Expense		
Interest on deposits and guaranteed investment certificates	1,506,815	1,302,495
Salaries and staff benefits.....	310,873	235,100
Other operating expenses.....	458,915	345,006
	<u>2,276,603</u>	<u>1,882,601</u>
 Income before income taxes.....	836,000	427,175
Income taxes (note 8).....	400,500	209,427
Net income for the year (note 10).....	<u>\$ 435,500</u>	<u>\$ 217,748</u>



Statements of Contributed Surplus, General Reserve and Retained Earnings

FOR THE YEAR ENDED DECEMBER 31, 1972

(with comparative figures at December 31, 1971 as restated — note 8)

STATEMENT OF CONTRIBUTED SURPLUS

	1972	1971
Balance, beginning of year.....	\$13,157	\$12,882
Premium on issue of shares	5,765	275
Balance, end of year	<u>\$18,922</u>	<u>\$13,157</u>

STATEMENT OF GENERAL RESERVE

Balance, beginning of year.....	\$200,000	\$ 90,000
Transfer from retained earnings.....	200,000	110,000
Balance, end of year	<u>\$400,000</u>	<u>\$200,000</u>

STATEMENT OF RETAINED EARNINGS

Balance, beginning of year as restated (note 8)	\$109,427	\$ 38,873
Net income for the year	435,500	217,748
	544,927	256,621
Deduct		
Dividends paid	74,362	61,010
Transfer to general reserve (in 1971 - net of deferred income taxes of \$23,816).....	200,000	86,184
Transfer to deferred income taxes (note 8)	72,000	
	<u>346,362</u>	<u>147,194</u>
Balance, end of year	<u>\$198,565</u>	<u>\$109,427</u>





Balance Sheet — December 31, 1972

(with comparative figures at December 31, 1971 as restated — note 8)

ASSETS		
	1972	1971
CASH AND CERTIFICATES OF DEPOSIT		
Cash	\$ 132,827	\$ 653,874
Trust company and bank deposit receipts.....	1,904,811	\$1,005,532
Short term corporation notes.....	2,304,265	202,351
	<u>4,341,903</u>	<u>1,861,757</u>
INVESTMENT SECURITIES		
Bonds (note 2).....	5,221,215	4,288,307
Stocks, at cost (market value \$311,135; 1971 - \$325,105).....	334,954	350,030
	<u>5,556,169</u>	<u>4,638,337</u>
LOANS AND ADVANCES		
Mortgages, including accrued interest (note 3).....	17,106,722	15,540,160
Collateral loans	47,610	54,060
Accounts receivable	61,143	40,277
Advances to estates, trusts and agencies.....	37,193	11,627
	<u>17,252,668</u>	<u>15,646,124</u>
INCOME PROPERTY (note 4)	572,816	581,688
INVESTMENT IN 50% OWNED COMPANY, at cost (note 5)	64,000	64,000
OTHER ASSETS		
Property held for resale, at cost.....	26,823	23,526
Furniture and leaseholds (note 6)	84,969	30,208
Prepaid expenses and deferred charges.....	16,027	12,160
Mineral rights, at nominal value	1	1
	<u>127,820</u>	<u>65,895</u>
	<u>\$27,915,376</u>	<u>\$22,857,801</u>
ESTATES, TRUSTS AND AGENCIES UNDER ADMINISTRATION	<u>\$22,180,024</u>	<u>\$ 3,711,602</u>



**THE
FIDELITY
TRUST
COMPANY**

	LIABILITIES	1972	1971
GUARANTEED TRUST FUNDS (note 7)			
Deposits		\$ 6,554,339	\$ 5,191,053
Guaranteed investment certificates		19,084,061	15,898,755
		<u>25,638,400</u>	<u>21,089,808</u>
OTHER LIABILITIES			
Accounts payable and accrued liabilities		68,324	42,373
Income taxes payable		280,299	181,730
		<u>348,623</u>	<u>224,103</u>
DEFERRED INCOME TAXES (note 8)		67,500	
		<u>26,054,523</u>	<u>21,313,911</u>
	SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 9)			
Authorized			
2,000,000 common shares, par value \$1 each			
Issued			
1,243,366 common shares (1,221,306 shares in 1971)		1,243,366	1,221,306
CONTRIBUTED SURPLUS		18,922	13,157
GENERAL RESERVE		400,000	200,000
RETAINED EARNINGS		198,565	109,427
		<u>1,860,853</u>	<u>1,543,890</u>
		<u>\$27,915,376</u>	<u>\$22,857,801</u>

We hereby certify that to the best of our knowledge and belief the balance sheet as at December 31, 1972 and the statements of income, contributed surplus, general reserve and retained earnings for the year then ended are correct and show truly and clearly the financial condition of the Company's affairs.

J. S. McMAHON, Chairman of the Board
N. C. W. WOOD, President
JOHN KLASSEN, Director

Notes to Financial Statements

DECEMBER 31, 1972

1. General

Certain of the 1971 figures have been reclassified to make them comparative with the current year and other figures have been restated as explained in note 8 to the financial statements.

2. Investment securities — bonds

Investments in bonds are stated at cost plus accrued interest. Total cost, excluding accrued interest of \$76,534 is \$5,144,681 and total par value is \$5,176,000. An analysis is as follows:

	1972	1971
Canadian and provincial government and guarantees.....	\$3,949,859	\$3,142,090
Municipal.....	47,178	47,378
Corporate.....	1,224,178	1,098,839
	<u>\$5,221,215</u>	<u>\$4,288,307</u>

3. Mortgages

Mortgages include government insured loans of \$8,802,557 in 1972 and \$6,344,338 in 1971.

4. Income property

Income property is stated at cost less accumulated depreciation of \$25,584 in 1972 and \$16,708 in 1971. Depreciation is computed on the straight-line method and amounted to \$8,876 in 1972 and 1971 and is included in other operating expenses.

5. Investment in 50% owned company

Nanton Building (1965) Ltd.	1972	1971
250 common shares.....	\$48,000	\$48,000
Advances.....	16,000	16,000
	<u>\$64,000</u>	<u>\$64,000</u>



NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1972

6. Furniture and leaseholds

Furniture and leaseholds are stated at cost less accumulated depreciation of \$55,299 in 1972 and \$38,386 in 1971. Depreciation on furniture is computed on the diminishing balance method and depreciation on leaseholds is computed on the straight-line method. Depreciation amounted to \$16,913 in 1972 and \$7,583 in 1971 and is included in other operating expenses.

7. Assets held for guaranteed deposits

Included in total assets are assets held for guaranteed trust account of \$25,638,400 in 1972 and \$21,089,808 in 1971.

8. Income Taxes

As a result of income tax reassessments applicable to 1970 and 1971, the balance of retained earnings at December 31, 1971 previously reported as \$202,257 has been restated to show a retroactive charge of \$92,830 representing the cumulative amount by which income taxes as at December 31, 1971 had been increased. Of this amount, \$67,611 is applicable to 1971 and has been charged to income for that year. The balance of \$25,219 is applicable to 1970 and has been charged to retained earnings at January 1, 1971, which was previously reported as \$64,092.

Deferred income taxes were previously included as part of retained earnings. During the year the cumulative amount of deferred income taxes of \$72,000 included in retained earnings was transferred to a deferred income tax account. For the current year actual income taxes payable will be \$4,500 in excess of the provision for income taxes of \$400,500 because the company is required to bring back into income a portion of the special mortgage reserve previously claimed for income tax purposes.

9. Capital stock (listed on Vancouver and Winnipeg Stock Exchanges)

At December 31, 1972, 303,059 (324,919 in 1971) share purchase warrants exercisable to March 31, 1974 at \$1.25 per share were outstanding and the required shares reserved.

During the year 22,060 shares were issued for cash.

10. Earnings per share	1972	1971 (note 8)
Basic earnings per share.....	\$.352	\$.178
Basic earnings per share figures were calculated using the weighted monthly average of shares outstanding during the respective fiscal years.		
Fully diluted earnings per share	\$.295	\$.154

In the fully diluted earnings per share calculation, the assumption was made that the share purchase warrants for the purchase of 303,059 common shares at \$1.25 (324,919 in 1971) had been exercised at the beginning of the year and that the funds derived therefrom had been invested to produce an annual after tax return of 5%.



Considerable thought
and planning
has gone into the
new Vancouver office
with a view
to further expansion



THE FIDELITY TRUST COMPANY

The new
Vancouver Regional Office
is located at the
busy intersection of
Georgia and Thurlow.



An aerial view of
Calgary, the home of
the Company's
newest office.



Alberta Government Photo

Office Locations

HEAD OFFICE

291 Garry Street,
Winnipeg, Manitoba.

MANITOBA BRANCHES

417 Academy Road,
Winnipeg, Manitoba.

1355 Main Street,
Winnipeg, Manitoba.

447 Portage Avenue,
Winnipeg, Manitoba.

REAL ESTATE DIVISION

417 Academy Road,
Winnipeg, Manitoba.

SASKATCHEWAN BRANCH

201-2114-11th Avenue,
Regina, Saskatchewan.

ALBERTA BRANCH

605-610-8th Avenue S.W.,
Calgary, Alberta.

BRITISH COLUMBIA REGIONAL OFFICE

1101 West Georgia,
Vancouver, British Columbia.



